price or cost of services. How is it that efficiency of the banks is r.ot being given any attantion desp:te Mr. Yashwant Sinha's thrice-repeated question about productivity and efficiency? His question was orignally based on that point which was changed by the Secretariat. That seems to be overlooked and the point was made about the dressing-up of the profits shown by the banks. These have become a kind of uneconomic monster. In the context of increasing Government expenditure which means Government-run organisations and in the context of stopping price rise, would the hon. Minister find any ways of improving the efficiency of the banks which will reduce the cost and service charges?

PROF. MADHU DANDAVATE; Sir, I have already mentioned that point in my earlier reply, that independently we will take cognisance of the me ihods to augment the efficiency and pro litability of the banking system. And that will have its own effect as far as the expenditure is concerned.

As regards the second part of his question whether we are taking a concrete exercise to see that the expenditure is restrained or reduced, I may tell the hon. Member that I have promised to the House in this very session that we are submitting a report on the perfomance of our exercise on two counts, reducing and restraining the expenditure of the Government, including various public-sector institutions, and also augmenting the revenue. I assure you that that suggestion of his has already been taken note of and some good effects are already produced.

SHRI VIREN J. SHAH: Would you appoint the entire Board consisting of workmen and no one else[0] Remove everyone and let it be managed entirely by the workmen. Let us see how the efficiency improves.

SHRI GURUDAS DAS GUPTA: Sir, these capitalists have made the industry sick and now they like the workmen to run the Board.

FROF. MADHU DANDAVATE- Sir. I am very glad that a prominent industrialist and hon. Member of this House has come forward with such a wise suggestion. Whatever the provisions of the rules and regula tions today, there are various mem bers of the Board; just as there are full-time members of the Board, simi larly non-official members of the Board, consist of representatives of various interests, representatives of the majority union and representatives of the officers' association. All that provision i_s already there. I am very happy to find that he wants hundred per cent representation. I do not know whether he has made that suggestion sarcastically or genuinely.

SHRI N. K. P. SALVE: Sir, I very seriously object to the Finance Minister calling a Member or an hon. Member an industrialist. The imputations are not fair at all. He says that the conduct of the hon. Membar is different from his conduct as an industrialist.

PROF. MADHU DANDAVATE: I did not say that Members are honour able and industrialists are not honourable. Sir, on one occasion, when Mr. Salve was described 'as the gentleman who spoke just now', I said at that time, "In this House, there are no gentlemen. All are hon. Members."

Schemes to make easy availability of gold

*102. SHRI J. P. JAVALLf
SHRI ASHWANI KUMAR:

Will the Minister of FINANCE be pleased to state:

(a) whether after repeal of the

tThe Question was actually asked on the floor of the House by Shri J. P. Javari.

Gold Control Act, Government are considering any new schemes to make gold easily available with a view to putting a curb on smuggling of gold and also for meeting the growing demand of the people for gold; and

(b) if so, what are the details in this regard?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE); (a) Some proposals in this regard are under consideration of the Government.

(b) The details cannot be furnished at this stage as the proposals are still to be finalised.

SHRI J. P. JAVALI: Sir, the hon. Finance Minister has given a very standard reply. I would like to know from him—^since this Act was repealed about four or five nponths back, I think, the purpose of its aboliticn was to make gold freely available to genuine users and also to stop smuggling of gold into the country—whether the Government has made any assessment or estimate about the genuine need of gold in the country. And how do they propose to meet this demand? Part (b): I would like to know whether, after repealing this Act, all restrictions regarding possession of gold by individuals or households or goldsmiths or dealers in ornaments, have been removed restrictions regarding possession of primary gold with or wtihout foreign markings and also gold ornaments.

PROF. MADHU DANDAVATE: 'In the initial part of his question he indicated as if the Gold Control Act was repealed mainly to bring down the prices of gold. That was not the basic objective of repealing the Gold Control Act. You will remember, when I moved the Gold Control Repeal Bill, I said the major motivation in getting the repeal cf the Gold Control Act was to see that the risks to the small goldsmiths were eliminated and also that the loopholes were completely plugged. That was the objective, The second part of his question is what the position of gold is, what the demand is, how much gold is available. As far as indigenous gclj is concerned, 2 tonnes of gold is available; as far as recycled gold is concerned, 50 tonnes of it is available: as far as demand is concerned, it is estimated to be anywhere between 150 and 300 tonnes. As far as the prices are concerned, since the prices of gold in our country are 55 per cent higher than the the international prices of gold, that is one of the reasons why smuggling is taking place on a large scale and as a result of that we have to take these steps to see that smuggling is reduced to a great extent and thereby we bring down the prices of gold. As far as the other part °$ his question is concerned, there are various proposals. One proposal is that the NRIs who come to settle in India might be allowed to bring with them a definite quantity of gold in the form of jewellery on that they should be con> pelled to pay duty in foreign exchange and when they bring that gold over here, hi that case they will have the freedom to purchase gold here. As far as sale is concerned, there is no restriction. And if that is done, if a large number of NRIs are allowed te bring gold, if that gold comes in, the suggestion of this proposer is probably that will affect the smuggling in the country. At a time even when the gold policy in Pakistan is also liberalised, if this type of a step is taken, it will curtail smuggling to some extent and if smuggling is curtailed, that also will help in stabilising the prices.

SHRI JAGESH DESAI. Transfer of residence. . . .

PROF. MADHU DANDAVATE: There are two types of suggestions. Some want, "Extend it even to the tourists". But the major thrust of the

suggestion is that the NRIs who crone and settle down here should be allowed.....

SHRI ATAL BIHARI VAJPAYEE: Why in the form of jewellery? Let them bring gold and get the jewellery made here.

PROF. MADHU DANDAVATE: I will tell you why that suggestion is there. If you allow them to bring primary gold, it will be very difficult to find out which is genuine, which is smuggled, whether it is the type of gold that is allowed. Therefore, the suggestion is partly it should be primary gold and partly jewellery. These are the suggestions. I only put them before you. We are yet to finalise the proposals.

WELCOME TO ZAMBIAN PARLIAMENTARY DELEGATION

MR. CHAIRMAN: Honourable Members, I have an announcement to make.

We have with us this morning, seated in the Special Box, members of a Parliamentary Delegation from; Zambia which is .currently on a visit to our country under the distinguished leadership of His Excellency Mr. F. M. Multtcita, Speaker *ot* the Zamfoian National Assembly.

The other Members of the delegation are: Hon'ble Mr. P. R. G. Chanshi, Member of Parliament, and Minister of State for Mines, Mr. M. Nkunika, Member of Parliament and Mr. J. Sichonga, Member of Parliament.

On behalf of the Members of the House and on my own behalf, I take pleasure in extending a very hearty welcome to the leader and other Members of the Delegation and wish our distinguished guests a very enjoyable and fruitful stay in our country.

We hope that during their stay here they would be able to see and learn more about our Parliamentary system, our country and our people and their visit to this country will further strengthen the existing friendly bonds between us. Through thsm we convey our greetings and best wishes to the Members of the Zambian National Assembly and the friendly people ol Zambia.

ORAL ANSWERS TO QUESTIONS— *contd.*

SHRI J. P. JAVALI; Sir, my second supplementary is *this;* What is the quantity of gold that the Government has seized or confiscated from the smugglers and also from those who illegally process primary gold annually and what is the total quantity of gold that has accumulated with the Government? I would slso like to know whether the Government would consider making this gold available to the genuine users or selling this gold outside the country to improve the foreign exchange positon of our country.

PROF. MADHU DANDAVATE: Sir, as far as the gold seized is concerned, I have not got the annual figures over here. But you might have them because while replying to the question, I had already laid it on the Table of the House, figures relating to > ear-wise seizure of gold. That is one thing which I would like to inform him.

There is another thing which I would like to mention. There was a misconception that the Gold Control Act was necessary in order to seize gold and silver. With concrete figures, I indicated during the debate on the Gold Control (Repeal) Act that more provisions and powers under the Customs Act were utilised to serze more gold and therefore, we need not be under the impression that Just

because we have abolished the Gold Control Act, our machinery to seize gold has been weakened, on the contrary, the provisions of the existing Act are quite sufficient and adequate ;o seize gold and we would continue to do that.

As far as the figures that he has asked for are concerned, I will lay them on the Table.

SHRI J. P. JAVALI: What is the total quantity of gold seized?

PROF. MADHU DANDAVATE: I will lay the figures on the Table of the House

SHRl J. P. JAVALI'. 1 would like to know whether you are godng to make available this gold to the public or whether you are going to sell this gold outside the country to earn foreign exchange.

PROF. MADHU DANDAVATE: Sir, there is no question of selling the gold outside the country because demand inside itself is so large—the gap between our production and our demand is 2 tonnes and 50 tonnes—< and, therefore, the question of selling the gold outside the country does pot arise.

MR. CHAIRMAN: Mr. Vithalbhai Motiram Patel.

SHRl VITHALBHAI MOTIRAM PATEL: Sir, the proposal to allow the Non-Resident Indians to bring only jewellery is totally wrong. They should be allowed to bring gold.. .*(.Interrvp-tiori)...*

MR. CHAIRMAN; This was stated by Atalji also. You are only supporting Him.

SHRI VITHALBHAI MOTIRAM PATEL: Sir, this proposal should be rejected. That is number one.

The second thing is whether there is any proposal to sell the gold that is seized, that is, about 20 tonnes or so, and to whom you are going to sell it.

SHRI JAGESH DESAI: That is the smuggled gold.

PROF. MADHU DANDAVATE: There are two aspects. As I have made it very clear earlier, both the proposals are before the Government. One proposal is that we should allow them 200 gms., to every NRI that pomes, in the form of jewellery, and we should have 1.5 dollars per gramme which is the duty charged on them in foreign exchange. And, as far as the gold in this country tis concerned, there ;is a suggestion that whenever smuggled gold is caught hold of, in that case, it should be sold in auction. That proposal is already before the Government and we will take cognizance of your suggestion.

MR. CHAIRMAN: Yes, Mr, Digvijay Singh.

SHRI DIGVIJAY SINGH: Sir, I would like to know one thing from the honourable Minister. He was Slating just now that there are two proposals before the Government which his Ministry is looking into. One is with regard to the import of jewellery and the reduction in the duty on jewellery import. I would like to inform the hon.. Minister that there are certain countries where 22-carat gold is not used for ornaments, through which the NRI people can come, with that gold. Two, there are so expensive charges that they cannot bring that gold, and they will pay the duty here also, *-ft* do not think there Will be any incentive to NRIs In this regard.

PROF. MADHU DANDAVATE: As far as the problem of allowing import of gold is concerned, we will find out what are the technical difficulties, and when we finalise the scheme we will take cognizance of the doubts that the hon. Member'has expressed.

MR. CHAIRMAN: Shri Sitaram Kesri.

PROF. MADHU DANDAVATE: The tion. Member had asked the question. These figures are already there. The hidden stocks of gold in this country are estimated anywhere between U),000 to 15,000 tonnes.

श्री सीताराम केसरी : अध्यक्ष जी, आपके द्वारा वित्त मंत्री महोदय से यह जानना चाहता हूं कि उन्होंने जो गोल्ड कंट्रोल आर्डर को खत्म किया और जिसकी वजह से सोना आज बाजार में कम उपलब्ध है . . . (**व्यवधान**) मैं यह कह रहा था कि उन्होंने यह भी कहा कि सोने की मांग तकरीबन 300 टन की है और मुझ जहां तक याद है वित्त मंत्री महोदय ने एक दूसरे सब्जेक्ट के संबंध में यह कहा था कि 40 हजार करोड़ रुपया ब्लैक के द्वारा बाहर निकलता है। मैं यह जानना चाहता हूं कि जिन लोगों के पास यह 40 हजार करोड़ रुपया है और जिनके ऊपर इनका अधिकार है और जिसके संबंध में इनकी एक परिकल्पना है उस रुपये को निकालने की, उस रुपये को निकालने के लिये आप विभिन्न योजनायें सोच रहे हैं तो प्रश्न यह उठता है कि जिन लोगों के पास 40 हजार करोड़ रुपये उपलब्ध हैं ब्लैक के वे लोग सोना खरीदकर घर में रखेंगे तो इसको रोकने का कोई प्रबंध आपके पास है या इसके संबंध में आप कुछ सोच रहे हैं? दूसरा प्रश्न यह है कि जो प्रवासी भारतीय यहां आये हुये हैं सोना लेकर उस सोने पर आपका प्रतिबंध होगा या आपकी उस पर कोई निगरानी होगी या वे स्वच्छन्द रूप से जिस तरह से चाहेंगे अपने सोने को इस देश में बेचेंगे या रखेंगे ? जिस समय आपने सोने पर कंट्रोल किया था उस समय कीमत घटी थी, 3200 रुपये तक हो गयी थी लेकिन अब पुनः 39 सौ रुपये हो गयी है। इन सब चीजों को मद्देनजर रखते हुये मैं पुनः जानना चाहूंगा कि जो 40 हजार करोड़ रुपये ब्लैक का है जिस पर उनका अधिकार है उनको बाहर निकलवाने के लिये और उसका इस्तेमाल करने के लिये आपके पास कोई योजना है ?

प्रो० मधु दण्डवते : मान्यवर, पहला जो सवाल उठाया गया है वह है काले धन का। इंस्टीट्यूट आफ पब्लिक फाइनांस एंड पालिसी की रपट इस सदन में पेश की गयी। उसमें यह कहा गया था तकरीबन 40 हजार करोड़ रुपया काले धन हैं। इसमें जो स्टाक में है वह भी और जो सरकुलेशन में है वह भी, दोनों का जिक्र है। यह मत समझिये कि 40 हजार करोड़ रुपया सरकुलेशन का ही है। स्टाक में भी है।

श्री सीताराम केसरी : अधिकतर सरकुलेशन में है।

प्रो. मधु दण्डवते : मुझे ज्यादा मालूम नहीं। हो सकता है ज्यादा सरकुलेशन में हो।

श्री सीताराम केसरी : आपकी जानकारी से मुझे मालूम हुआ, पहले नहीं था।

प्रो० मधु दण्डवते : जहां तक काले धन का इस्तेमाल सोना खरीदने के लिये है उन पर रोक लगाना है। जिस हद तक हम काले धन को निकालने में कामयाब हुये हैं उस हद तक मैं समझता हूं यह काले धन का इस्तेमाल सोना खरीदने के काम में हुआ है। हम रोक लगा रहे हैं। इस सिलसिले में दो-चार योजनायें आपके सामने रखी थी इसलिये अब उसको दुबारा कहना ठीक नहीं समझता। लेकिन वहीं तरीका होगा। काले धन को निकालने के लिये या उसको विकास कार्यों में लगाने में जिस हद तक हम कामयाब होंगे उस हद तक सोना खरीद करने के लिये काले धन का इस्तेमाल कम हो जायेगा।

DR. YELAMANCHILI SIVAJI: Sir, it appears that the Government is considering tb meet the demand as well as to curb smuggling. Is it the

sole motive—import? Or is there any motive of the Government—to get more ievenue by importing gold and taxing the same?

PROF. MADHU DANDAVATE: The hon. Member is quite correct. There are two objectives. Firstly, we will be able to augment our foreign exchange reserves by imposing the duty to be paid by the N.R.ls. in foreign exchange. Secondly, as a result of the pressure of gold that will be coming in from the open channels there will be an indirect curb on smuggling. Smuggling can be reduced to that extent and the gold prices can also be reduced.

SHRI N. K. P. SALVE: Sir, after listening to the Finance Minister, I am inclined to think, that all that glitters is not gold. Sir, the question is about curbing smuggling. The Finance Minister says that he is going to allow the N.R.ls. to import gold into the country in the form of jewellery on which he will charge duty in foreign exchange. We know well the tremendous attraction which the Indian society in the urban or rural areas has for gold. Perhaps one of the biggest rationale for repeal of the Gold Control Act could have been that at least we have got rid of one of the laws which was wholly against the sentiments and wholly against the traditions which are held dear all over the country for centuries. Therefore, 1 would like to know from the Finance Minister one thing. The demand is going to be really 200 tonnes. There is no way to meet this demand except by smuggling. If you want to curb smuggling, what is it that prevents you from allowing the N.R.ls. to bring as much primary gold as they like? You can charge duty in foreign exchange. In this way, the primary gold will foe available to people. Unless you make gold officially available, I fail to understand how you are thinking of curbing smuggling.

PfcOF. MADHU BANDAVA3B: Sir, when the hon. Member referred to the gold that is likely to come through the N.R.ls., I made it very clear that it will be in the form of jewellery. H we allow them to bring the primary gold....

SHRI N. K. P. SALVE: They will not sell it. It wiB not meet the demands and the needs of the people.

PROF. MADHU DANDAVATE: Already I have told you that there are two proposals. One is to allow them to bring 200 grams of jewellery and charge the duty in foreign exchange. The second proposal to have a ceiling on bringing gold in the form of jewellery and to permit them to bring some quantity of gold. Both the proposals are there. One quantum will be primary gold and another quantum will bg gold in the form of jewellery, say 200 ;gram<; per head. As Shri Salve said just now, if that comes in this country, it will be able to reduce smuggling to some extent. 1 think that will b_e the best way.

Flood control measures in North B'bar

*103. SHRIMATI KAMLA SINHA: Will the Minister of WATER RESOURCES be pleased to state:

(a) whether it is a fact that at present there is no commitment from Nepal for recording quantum of rainfall and consequent discharge of the rivers flowing from Nepal to North Bihar which cause heavy floods in North Bihar during monsoons;

(b) if so, whether Government have taken up the question of establishing gauge discharge sites in Nepal on these rivers with the Government of Nepal for the establishment of a regular communication link for advance warning so that people of flood-prone North Bihar can be warned in advance; and

(c) if so, with what results?

THE MINISTER OF STATE OF THE MINISTRY OF WATER RESOURCES (SHRI MANUBHAI KOTADIA): (a) to (c) Nepal and India agreed in December, 1987 to establish an effective flood forecasting and warning system through